

New England's Groundfish Sectors

New England Fishery Management Council

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On behalf of the Northeast multispecies sectors

Overview of sectors and their structure

Sector core responsibilities & other duties

Sector common goals and collaboration

Sector challenges

Enhancing sector management

What Is a Sector?

- History of Sector Management in the Northeast Multispecies Fishery Management Plan.
- Compliance with Magnuson Reauthorization 2006 mandates, Sectors administer a hard quota management system in real time.
- Definition of a “Sector” per Amendment 16.
- Potential Sector Contributions (PSC) and Sector Annual Catch Entitlements (ACE).
- ACE harvesting, trading, monitoring and reporting activities governed by a GARFO-approved operations plan.
- Sector enforcement of operations plan. GARFO monitors sector enforcement of and adherence to its operations plan.

Sector Governance and Membership

- Sectors are incorporated as nonprofits, governed by a Board of Directors.
- Operations plans & membership agreements approved by membership (via member or Board votes).
- Sector enrollment.
- Sectors are primarily self-funded through membership dues – varying combinations of flat fees, ACE & landings charges.
- **Each sector is unique.**

Sector Core Responsibilities

- 1) Monitor catch in near real time to ensure sector does not breach any of its 17 allocations.**
- 2) Distribute sector ACE to individual sector members, and trade ACE with other sectors.**
- 3) Mandatory weekly ACE use & incident reporting to GARFO, and ACE reconciliations.**
- 4) Monitor compliance with operations plan.**

Core Responsibilities – Catch Monitoring

- 1) Monitor catch in near real time to ensure sector does not breach any of its 17 allocations.**

How it's done

- Most sectors obtain vessel trip reports within 24 hours of landing.
- Obtain dealer weights as soon as possible after offload.
- Assign actual or assumed discards to a trip as soon as data available.
- Monitor each member's & the sector's collective ACE balances.

Individual Sector Member ACE Status Summary

	Initial Alloc.	FY Carry-over	Misc. Adjust	Harvest Share	Total ACE Transfer	ACE Harvested	ACE Remaining	% Used
GBE COD	28	0	53	81	69	0	97	0%
GBW COD	427	0	(44)	382	159	0	585	0%
GOM COD	5,653	0	(101)	5,553	9,829	15,211	272	98%
POLLOCK	26,772	0	(1,019)	25,753	(988)	1,170	24,614	4%
WHITEHAKE	3,803	0	0	3,803	(2,350)	1,366	87	93%
GBE HADDOCK	949	0	137	1,085	233	0	1,181	0%
GBW HADDOCK	10,914	0	822	11,736	1,857	0	12,771	0%
GOM HADDOCK	89,431	0	0	89,431	69,669	158,601	499	99%
REDFISH	2,395	0	3,501	5,896	3,536	2,161	3,770	36%
WITCH FLOUNDER	12,446	0	67	12,514	9,474	17,723	4,198	80%
PLAICE	9,671	0	0	9,671	1,460	11,330	(199)	101%
GB WINTER FLOUNDER	0	0	0	0	0	0	0	0%
GOM WINTER FLOUNDER	1,309	0	2,356	3,665	4,371	4,817	863	84%
SNEMA WINTER FLOUNDER	14	0	7	22	435	0	450	0%
GB YELLOWTAIL	0	0	0	0	0	0	0	0%
SNEMA YELLOWTAIL	0	0	0	0	0	0	0	0%
CCGOM YELLOWTAIL	15,988	0	91	16,079	20,145	36,183	(50)	100%

Core Responsibilities – Trading Allocation

2) Distribute sector ACE to individual sector members, and trade ACE with other sectors.

How it's done

- Managers assemble information on ACE their individual members wish to lease away, or to acquire.
- Distributed inside and outside the sector via email, internet.
- Managers confirm a trade with contracting parties, verify weights and prices, and verify lessors have adequate ACE to trade away.
- Monitor fleet quota use to help members make good leasing decisions.

Distributing ACE
availability and price
information to
fishermen

QUOTA LIST FOR JAN 18, 2022

<< SEEKING QUOTA >>

<u>LIST DATE</u>	<u>BUYER</u>	<u>DESIRED STOCK</u>	<u>AMOUNT</u>	<u>BUY PRICE</u>
11/30	SEC 'A'	HAKE, WHITE	UP TO 18,000	\$0.70
9/14	SEC 'B'	HAKE, WHITE	UP TO 85,000	\$0.50

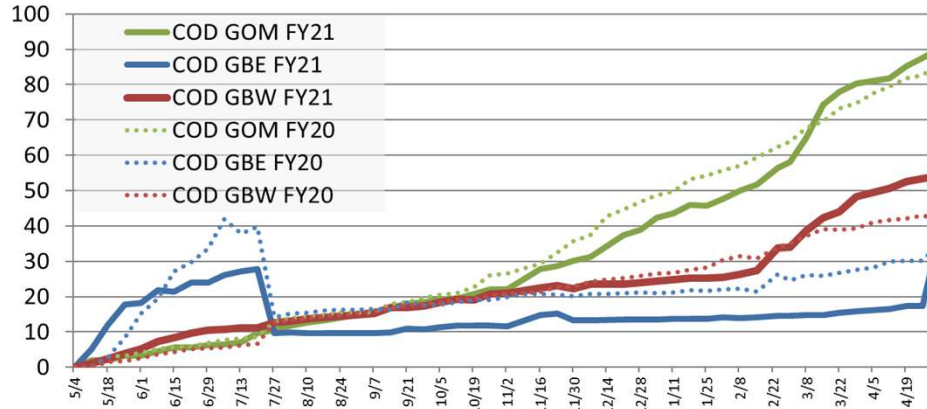
QUOTA FOR LEASE

<u>LIST DATE</u>	<u>SELLER</u>	<u>AVAILABLE STOCK</u>	<u>AMOUNT</u>	<u>SALE PRICE</u>
1/11	SEC 'F'	BLACKBACK GB	24,013	\$0.0725
11/16	SEC 'H'	BLACKBACK GB	369	\$0.03
10/12	SEC 'A'	BLACKBACK GB	UP TO 10,000	\$0.25
5/18	SEC 'C'	BLACKBACK GB	1,121	\$0.25
6/22	SEC 'G'	BLACKBACK GOM	2,874	\$0.05
5/25	SEC 'G'	BLACKBACK GOM	661	\$0.03
5/18	SEC 'B'	BLACKBACK GOM	3,104	\$0.08
5/18	SEC 'E'	BLACKBACK GOM	28	\$0.05
4/20	SEC 'B'	BLACKBACK GOM	85	\$0.03
1/11	SEC 'E'	BLACKBACK SNE	12,631	\$0.20
11/16	SEC 'A'	BLACKBACK SNE	1,421	\$0.15
11/9	SEC 'F'	BLACKBACK SNE	1,626	\$0.20
10/12	SEC 'F'	BLACKBACK SNE	UP TO 10,000	\$0.15
1/11	SEC 'C'	COD GBE	9,522	\$0.15
11/16	SEC 'H'	COD GBE	726	\$0.15
9/28	SEC 'H'	COD GBE	20	\$0.30
6/22	SEC 'B'	COD GBE	694	\$0.12
1/11	SEC 'B'	COD GBW	45,099	\$0.15
9/28	SEC 'F'	COD GBW	1,047	\$0.15
9/21	SEC 'G'	COD GBW	331	\$0.15
8/10	SEC 'G'	COD GBW	628	\$0.25
12/28	SEC 'D'	COD GOM	7,000	\$1.20
11/9	SEC 'C'	COD GOM	2,446	\$1.35
8/10	SEC 'D'	COD GOM	12,410	\$1.50
7/6	SEC 'A'	COD GOM	424	\$1.30

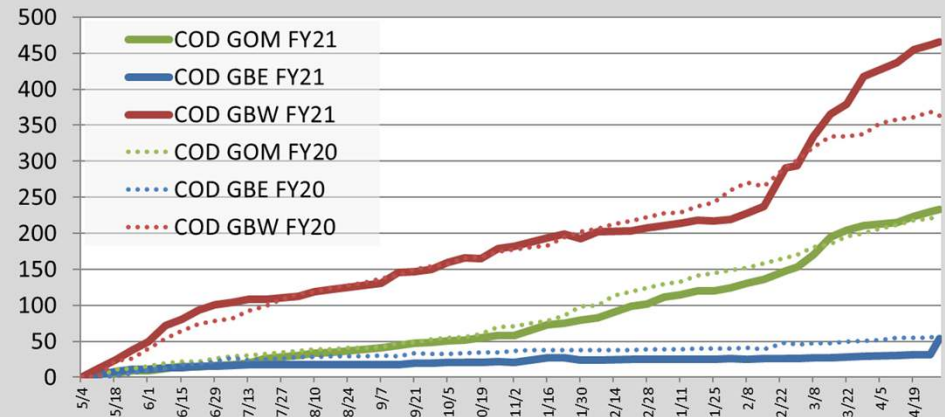
Monitoring fleet quota use

Example: FY 2021 cumulative cod stocks catch throughout the fishing year.

Cods - pct of quota caught



Cods - MT caught



Core Responsibilities – Trading Allocation

The Right of First Offer

- Nearly all sectors have a Right of First Offer option for its members.
- For any ACE proposed to be leased outside of the sector, the lessor sector's members have the right to 'match the deal' (in part or in whole) and retain the ACE inside the sector.
- Provides individual members and the sector itself an option to guard against excessive ACE departing the sector (enough to pose risk of members or the entire sector of being prevented from harvesting).
- Encourages fair market pricing.

Core Responsibilities – Trading Allocation

ACE Trade Reporting

- Inter-sector trades reported to GARFO as they occur. Intra-sector trades reported annually.
- Most leases conducted with currency, but some quota swaps occur.
- Most trades are completed at the asking price (some lower, or higher).

In FY 2021

Total ACE Catch

41.4 million lb.

Total Inter-Sector (only) ACE Trades

15.1 million lb.

Core Responsibilities – Reporting to GARFO

3) Mandatory weekly reporting to GARFO

How it's done

- Uploads to GARFO's central sector web portal:
 - Individual trip list
 - Sector ACE status
 - **Trip issue (infraction) reports**
 - Null reports required
- If sector catch exceeds 90% of sector ACE balance for a stock at any time during year, daily reporting required.
- Ongoing ACE reconciliations.

Core Responsibilities – Reporting to GARFO

Trip Issue (infraction) report examples

- Monitoring issues (e.g., refusals) and a description of each occurrence, if applicable.
- Violations or non-compliance with operational standards, including but not limited to fishery regulations and sector operation plan provisions.
- General problems with sector operations and/or corrective actions taken by the sector during the reporting period.

Core Responsibilities – Operations Plan Compliance

4) Monitor compliance with operations plan

- Operations plan is effectively a charter to harvest and trade groundfish.
- Sectors submit a plan to GARFO explaining how the sector will monitor, report, and control its catch. If approved, GARFO grants the sector ACE based on members' PSC, which is based on A16 allocation schema.
- Operations plans have mandatory elements and often mirror the federal FMP.
- **Can and do implement restrictions and requirements beyond the FMP.**

Core Responsibilities – Operations Plan Compliance

“Restrictions and requirements beyond the FMP”

- Stricter reporting deadlines.
- Additional closed areas.
- Mandatory daily reporting.
- Broad stock area restrictions.
- Species-specific catch hotspot reporting.
- Mandatory minimum ACE holdings for a vessel to fish.
- Quota holdbacks.

Core Responsibilities – Operations Plan Compliance

Enforcement

- Sector managers' duty to investigate plan violations.
- Mandatory operations plan infractions reporting to GARFO.
- Mandatory sector penalty schedule similar in design to NOAA GC:
 - Written warnings
 - Mandatory meeting with sector Enforcement Committee
 - Fines & cost recovery
 - ACE seizures
 - Stop Fishing Orders
 - Expulsion

If the sector's investigation determines a violation occurred, the member sanctioned as described in each sector's mandatory (but unique) Penalty Schedule

Penalty Schedule			
	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
VIOLATION REGARDING REPORTING, DOCUMENTATION REQUIREMENTS:			
All violations including but not limited to: providing false statements or supporting documentation on applications or reports to the Sector; late reporting or non-reporting; (technical and minor violations may result in a letter of warning).	Written Warning <u>or</u> up to \$5000.00	Written Warning <u>and</u> up to \$7,500.00.	Written Warning <u>and</u> up to \$10,000.00 <u>and/or</u> stop fishing order.
VIOLATION REGARDING EXEMPTION PERMIT REQUIREMENTS			
All violations including but not limited to: failure to comply with a permit condition/restriction/letter of authorization issued to Sector Vessels by the Regional Administrator; or failure to comply with VMS/DAS requirements. (Technical and minor violations may result in a letter of warning).	Written Warning <u>or</u> up to \$10,000.00	Written Warning <u>and</u> \$10,000.00-\$50,000.00.	Written Warning <u>and</u> up to \$100,000.00 <u>and/or</u> stop fishing order.
VIOLATION REGARDING TIME/AREA/GEAR RESTRICTIONS			
All violations including but not limited to: exemption areas, closed fisheries, closed season, restricted gear/management areas. (Technical and minor violations may result in a letter of warning).	Written Warning <u>or</u> up to \$20,000.00	Written Warning <u>and</u> \$20,000.00-\$50,000.00.	Written Warning <u>and</u> up to \$100,000.00 <u>and/or</u> expulsion.
VIOLATIONS THAT PLACE THE SECTOR AGREEMENT AT RISK			
All violations including but not limited to a violation of a stop fishing order, fishing in a closed area, transfer of fish from non-sector vessel to a sector vessel, transfer of fish from sector vessel to a non-sector vessel; subverting the reporting requirements or any other action so egregious that it would severely jeopardize the Sectors existing and future authorization(s).	Written Warning <u>and</u> up to \$50,000.00 <u>or</u> stop fishing order.	Stop fishing order <u>or</u> Expulsion.	Expulsion.

Other Sector Duties

Beyond Core Responsibilities

DAS balancing	Observed trip data investigations
VTR corrections	Outreach (regulatory alerts, etc.)
EVTR training	Compliance assistance
Trip declaration & hail monitoring	Increased investigative requirements

All the functions of a small business: Accounts payable, accounts receivable, payroll, office administration, legal & regulatory filings

Sector Common Goals and Collaboration

Working together to maximize allowable harvest for the fleet and enhancing monitoring of the fishery. Examples:

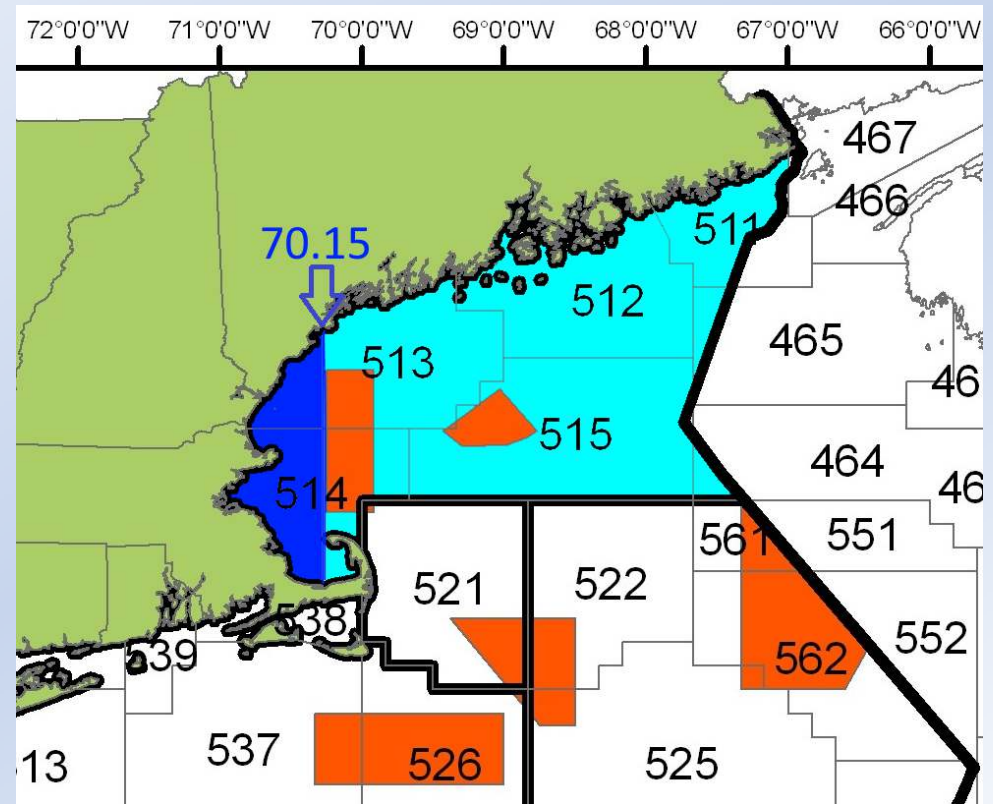
- 2013: Inshore Gulf of Maine Declaration.
- 2015: Shelving of Gulf of Maine cod quota for GARFO.
- 2021: Modified redfish exemption program.
- 2022: Cod catch hotspot reporting program.

Sector Common Goals and Collaboration

Inshore Gulf of Maine Declaration

If fishing **west of 70 deg. 15 min.:**

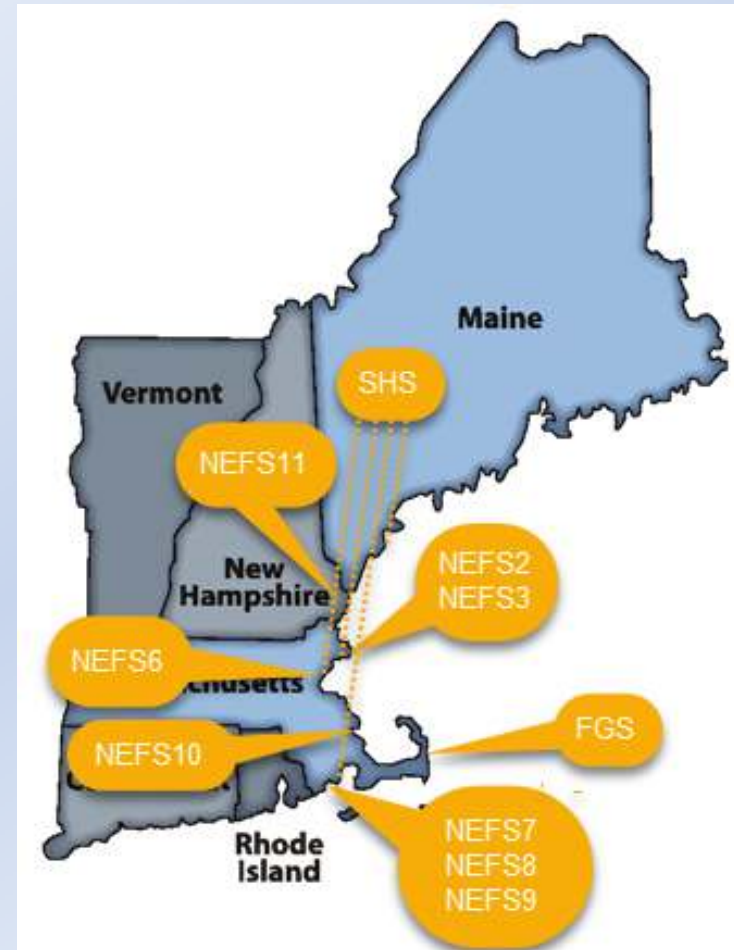
- With an observer: May fish throughout the GOM/GB/SNE range.
- **Without** an observer: Must declare via Vessel Monitoring System intent to fish in the inshore Gulf of Maine, and must remain within the GOM Broad Stock Area.



Sector Common Goals and Collaboration

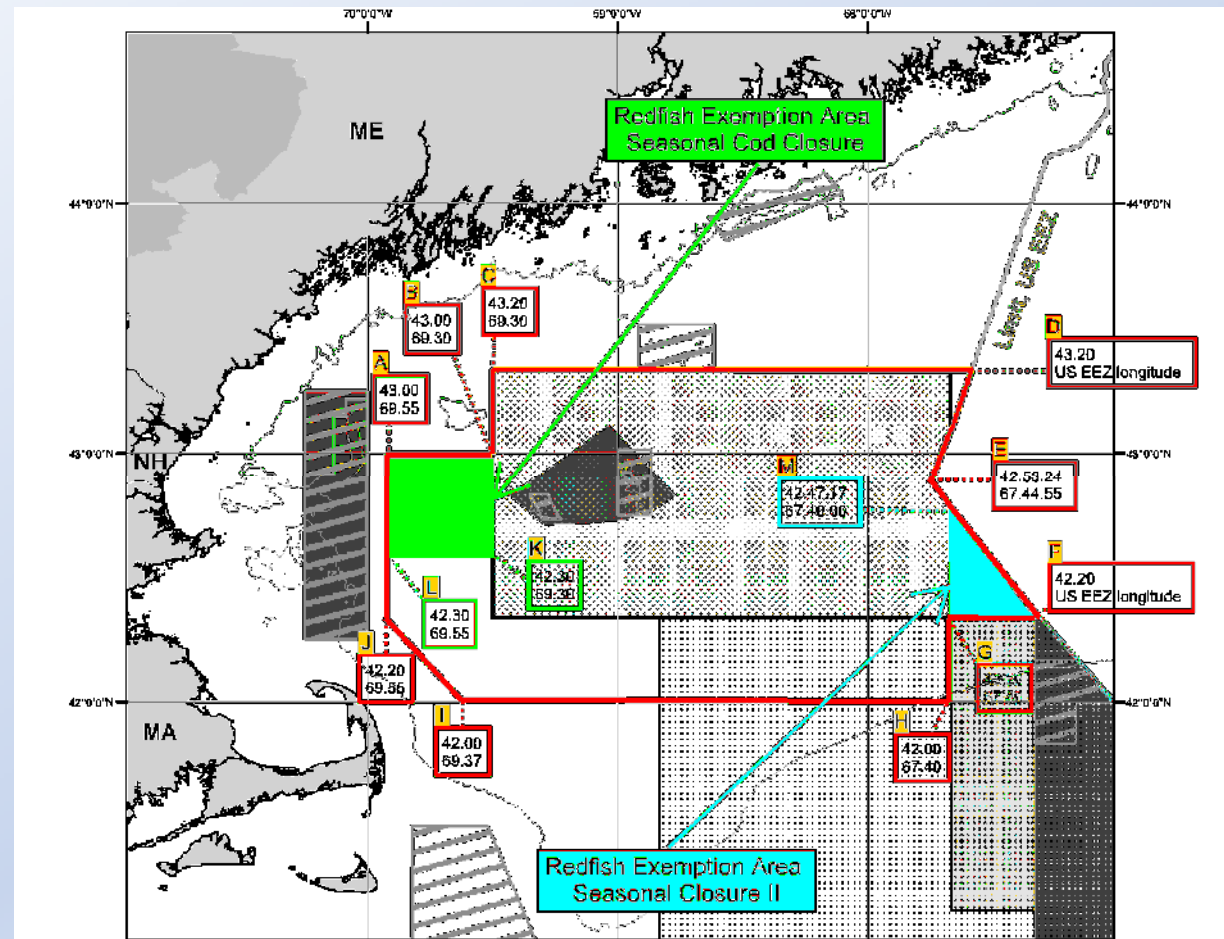
Shelving of Gulf of Maine cod quota

- FY 2014: GARFO proposes mid-year management changes to reduce landings of GOM cod, including expanded closed areas, fishing zone limits, and a 200 lb. trip limit.
- Ten sectors instead volunteer to 'shelve' over 60 metric tons of cod ACE as a conservation equivalent to the GARFO measures.



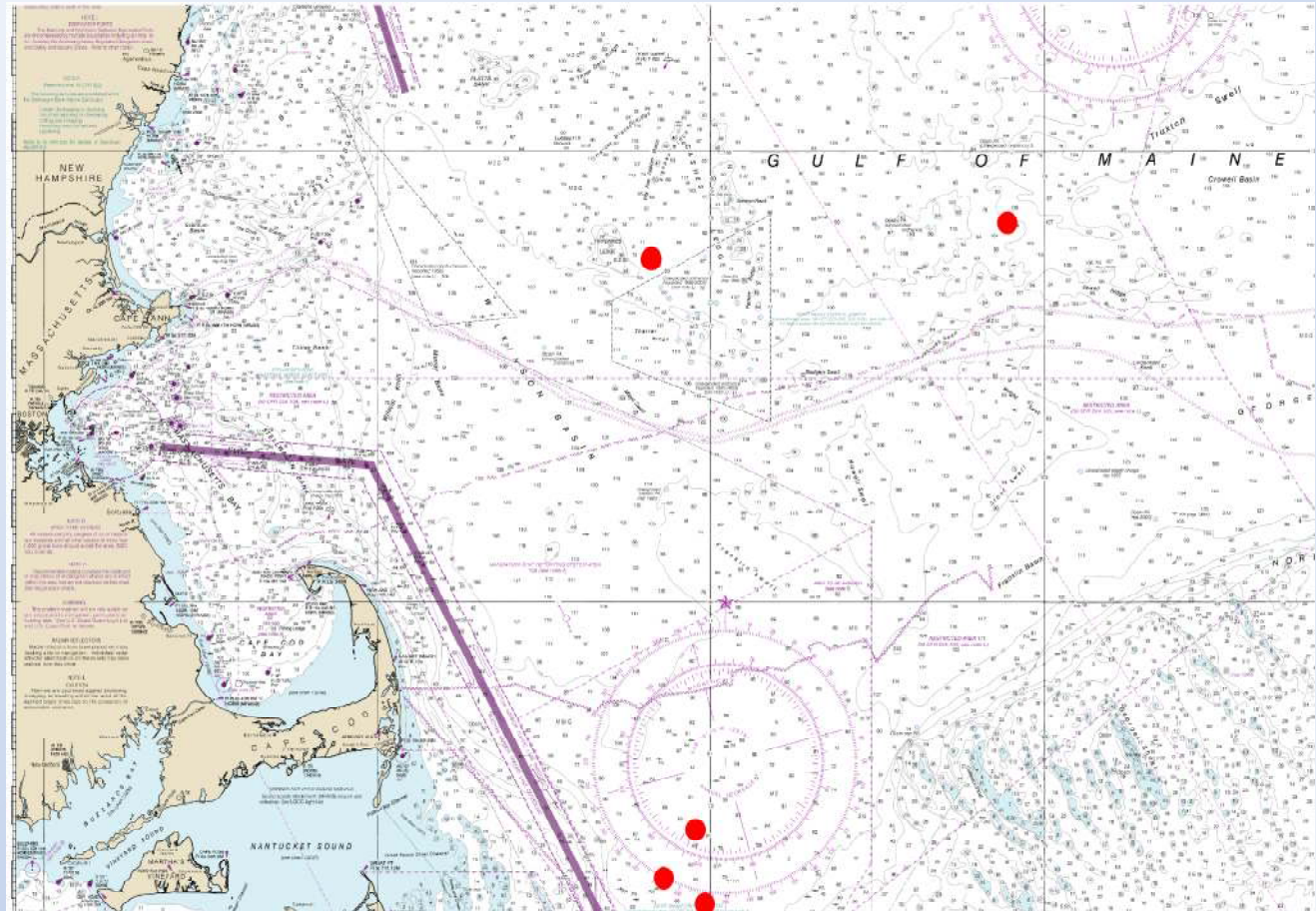
Sector Common Goals and Collaboration

Revised Redfish Exemption Program (Framework 61)



Sector Common Goals and Collaboration

**Gulf of Maine and
Georges Bank cod
hotspot reporting
with participating
sectors**



Sector Challenges

Maintaining the fleet and its diversity

Metric	FY 2010	FY 2020	Change
Sector vessels	299	165	-45%
ACE catch (mt)	29,904	25,741	-14%
'Active' sectors	16	12*	-25%

** 8 sectors with shared managers*

Vessel length	FY 2010	FY 2020
75+	50	35
50-75	89	47
30-50	160	83

Sector Challenges

Maintaining the fleet and its diversity

ACE Catch	Metric Tons			Pct of catch	
	FY 2010	FY 2020	Change	FY 2010	FY 2020
GB haddock + redfish (unit)	10,391	13,200	+27%	35%	51%
All other stocks	19,512	12,541	-36%	65%	49%
Sum	29,904	25,741	-14%		

Sector Challenges

Measures sectors and their members take to assist less flexible vessels

- Financing receivables.
- Sector dues structured to charge highest volume harvesters/quota holders the highest dues.
- Quota discounts.

Sector Challenges

Implementation of systems to improve catch accounting

- Mandatory EVTR.
- Electronic monitoring.
- Changes to discard calculation methodology.

Require extensive manager time to incorporate into sector operations, with no additional revenue to offset expense.

Sector Challenges

Widespread GARFO/NEFSC data delays and failures during 2021-2022

- Months-long delays receiving human and electronic observer data.
- Dealer landings entries disappearing from databases.
- EVTR errors & failures to transmit.
- Important information such as mandatory daily VMS catch reports fail to populate sector tables.

Sector Challenges

Dealer Data Submission

- Late dealer reporting.
- Dealer data entry errors/omissions can block vessel permit renewals (!).

Quality Control

- Sectors often seem to discover data problems first.
- Sectors often first to be tasked with fixing a problem not of their making.

Sector Challenges

Sector Revenue

While sector reporting and monitoring duties increase, membership dues revenues are strained:

+ Fewer permits fishing
+ Lower landings
+ High choke stock lease prices
+ Current fuel costs & other inflation
= Less free cash for sector monitoring and membership dues, diminishing sector viability

Further sector contraction expected in next 1-3 years

Sector Challenges

Responsibility for other fishery components exceeding catch targets

Stock	Sector Accountability Measure
Windowpanes, wolffish	Trawl gear restricted areas Gillnet gear year-round closed area
Halibut	Possession ban Trawl gear restricted area Gillnet gear seasonal closed area
Other allocated stocks	1:1 commercial ACL payback

Enhancing Sector Management

- Supporting sector management.
- Increasing fishing opportunities.
- Increasing subcomponent catch accountability.
- Loss of quota through ABC distribution process.
- Developing a mechanism for quota stability.